QATAR UNIVERSITY

COLLEGE OF BUSINESS AND ECONOMICS

THE EFFECT OF CORPORATE SOCIAL RESPONSIBILITY ON FINANCIAL PERFORMANCE OF QATARI BANKS

BY

SANAA IBRAHIM ELBATTINEJE

A Project Submitted to

Faculty of the College of Business and Economics

in Partial Fulfillment

of the Requirements

for the Degree of

Master of Business Administration

June 2018

COMMITTEE PAGE

The members of the Committee approve the Project of Sanaa Ibrahim Elbattineje defended on 06/06/2018.

Professor/ Marios Katsioloudes
Thesis/Dissertation Supervisor

Doctor/ Arsalan Safari
Committee Member

ABSTRACT

ELBATTINEJE, SANAA I., Masters : June : 2018, Master of Business Administration

Title: THE EFFECT OF CORPORATE SOCIAL RESPONSIBILITY ON FINANCIAL PERFORMANCE OF QATARI BANKS

Supervisor ofProject: Professor/ Marios Katsioloudes.

Recently, Qatar has witnessed a wide growth and expansion in all fields. International companies are working on having a branch in Qatar due to being the fastest developing country in GCC region. This fact has increased the competition especially for local business. Moreover, Qatar National Vision 2030 and 2022 FIFA World Cup increased the standards for organizations. One of these standards is Corporate Social Responsibility (CSR). Although many organizations are working hard to adopt CSR in their day to day activities, some studies claimed that there is no relationship between corporate social responsibility and companies' performance. The main reason for selecting this topic is to close this gab by focusing on one field which is banking field to reveal the effect of corporate social responsibility on the financial performance of Qatari banks.

This study was conducted for the last 5 years starting from 2013 to 2017 and used four variables. First: total bank investment that was measured by loans and advances to customers, investment securities, and investment in associates. Second: CSR investments which was measured by the monetary disbursements on social events and activities. Third: banks financial performance which was represented by the net profit obtained from audited financial statements. Fourth: Operating Segment Net Profit Before Tax includes loans, credit cards, deposits and other transactions for retail and corporate customers. The study includes descriptive statistics and influential statistics. It has used the multiple regression

analysis to determine the relation between banks' financial performance and corporate social responsibility. NPBT was the dependent variable whereas Operating Segment Profit, CSR and Total bank investments were the independent variables

The result shows there is a strong relationship between corporate social responsibility and bank's financial performance. Bank contribution to CSR will affect the financial performance of Qatari banks. Although some banks were excluded from the study because of insufficient data, the majority of banks had reported CSR clearly which reflects their awareness of its importance.

The study would add value to the Qatari business world. The provided evidence for the significant relationship between CSR and Bank's financial performance can be generalized to other business fields. Also, it would motivate business entities that do not disclose their CSR activities or even do no adopt it to rethink about their strategy as each and every business looks forward to achieving better financial performance. Moreover, it would encourage researchers to search deeply behind CSR topic within banking fields or in other fields. Last but not least, the result would encourage Qatari businesses and organizations to invest heavily in the CSR in order to be able to continue operating in the Qatari market under the global competition.

ACKNOWLEDGMENTS

First of all, I am thankful to God for giving me this opportunity and ability to do the work. I express my grateful and respect to my supervisor, Dr. Marios I Katsioloudes, for his kind support. I record my special thanks to Mr. Mohamed Ahmed Bella Agied, Assistant Data Collection Specialist in SESRI in Qatar University, for his valuable guidance. I want to express my appreciation to all my Professors who I learned from through my MBA program.

I would like to take advantage of this opportunity to show my sincere thanks to my friends Dalal Al-Mushaifri, Noora Al-Marry, and Afnan Al-khateeb for their continued encouragement and support.

I wish to express my heartfelt thanks to my husband Ahmed Alsayed together with my daughters Hala and Mariam for their love that refreshed me to continue ahead with full strength. Words are not enough to express my thanks to my parents and sisters. Their blessings have helped me in completing this task. Finally, I am thankful to everyone who has directly or indirectly helped me in reaching this goal.

TABLE OF CONTENTS

LIST OF TABLES

LIST OF FIGURES

CHAPTER 1: INTRODUCTION

1.1 Research Background

The contribution of business entities toward maximizing shareholders' wealth has attracted interest of academics and researchers. Although business had engaged in social activities since the 19th century, the CSR developments started since 1950s (Maden et al. 2012). However, the corporate social responsibility topic is becoming an important section of business websites.

Nowadays, firms hire management personnel to handle the issues related to CSR while most well-established business schools involve CSR into their business management procedures (Montiel & Delgado-Ceballos, 2014). As a result, businesses have formed new approach to achieve profit maximization by integrating the CSR ideals into operating structures and business models (Servaes & Tamayo, 2013).

Business developments supporting growth and acceptance of corporate social responsibility include the growing competition & globalization and the increasing wealth of the global societies (Surroca, Tribo, & Zahra, 2013), the increasing value of environmental safety (Idemudia, 2011), and developments in communication technology which help in broadcasting the irresponsible acts of corporates (Keffas & Olulu-Briggs, 2011). Despite the business firms' social interests, CSR has no universally accepted definition yet.

Researchers have not yet agreed on a one common definition of corporate social responsibility; however, they conceptualized CSR in different ways so that meaning is changed in regard to contexts and people (Saeidi et al. 2014). Nevertheless, having a common definition is important to understanding, acceptance and growing of the CSR concept. A global theme of CSR relates to creating value to the stakeholders instead of focusing on the stockholders (Peloza & Shang, 2011). According to Okoye (2009), CSR has been defined as voluntary activities conducted by business firms and directed toward improving different dimensions of current and future generation of the society like social, environmental, and economic conditions. It is clear that the lack of CSR definition is due to the diverse perspectives of the construct.

1.1.1 CSR Dimension

Research attention has been attracted by several dimensions of CSR and the early one was the contribution of business entities in making charitable donations to the society (Caroll, 1991). These entities including banks depend on the published source of information to attract attention for the sake of gaining support and acceptance (Wu & Shen, 2013). Environmental factor is another important issue of CSR. It includes what is often neglected in the CSR studies such as natural environment and human capital (Idemudia, 2011). Furthermore, environmental dimension has been considered as a managerial process because it is demonstrated by recruiting positions for CSR tasks beside other corporate tasks (Akanbi & Ofoegbu, 2012). As a result, CSR is considered as a business strategy aiming to help the business entities for achieving goals by applying the traditional functions of management on the social issues (Saeidi et al, 2014).

According to Jiraporn & Chintrakarn (2013), CSR investment is used by CEOs as a mean to facilitate gaining some personal advantage. This is aligned with some researchers who believe that seniors and executives may abuse the CSR for the sake of achieving their personal benefits (Jensen, 2010). On the other hand, human and labor rights think of CSR as a way to reach social benefit that motivate employees and enhance business reputation

(Maden et al. 2012).

Another dimension of the CSR is corporate social irresponsibility which arises from business failure to act according to societal expectations. It has been ignored in many of the CSR literatures (McWilliams, Siegel & Wright, 2006). Furthermore, it has been examined by Herzig and Moon (2013).

Examples of corporate irresponsibility acts include fake financial reporting, cheating customers, abusing employees, exposing stakeholders to risk (Herzig & Moon, 2013). Such acts resulted in the destroying many businesses like the global collapse in the financial sector of the 2007-2008 (Herzig & Moon, 2013). The corporate social irresponsibility contributes in deep understanding of CSR framework.

1.1.2 CSR Theoretical Frameworks

Researchers have proposed some theoretical frameworks to model the CSR. Committee for Economic Development (1971) established a CSR structure including three circles. First, the internal circle represents business responsibility toward the society through providing jobs as well as providing goods and/or services profitably. Second, the middle circle represents the commitment to respect the social value system. Third, external circle represents the actual contribution for developing the environment. This framework has lacks of the guideline and ideas for the possible ways to applying these responsibilities.

Caroll (1991) developed three dimensions of CSR framework. These dimensions are corporate responsibilities nature, issues of topical social, and the responsiveness philosophy. The CSR was considered as a pyramid. It contains four main responsibilities (Carol, 1979). These responsibilities are economic, legal, ethical, and philanthropic responsibilities (Carol, 1979). The economic responsibilities attract the greatest emphasis due to being the base of the pyramid and other vital responsibilities depend on its assumption. This implies firms should involve people and society in their activities like producing and selling their products (Carol, 1979). If the business firm could not meet the economic responsibilities, it faces the social contract theory by losing the right to exist and going out of business.

The legal responsibilities imply that businesses should execute their normal roles within the regulations, laws, norms and customs (Caroll, 1991). If the business firm could not meet the legal responsibilities, it will get penalized (Caroll, 1991). According to Lange & Washburn (2012), the business decisions are affected by internally making decision and a set of values and beliefs.

The philanthropic responsibilities are presented by voluntary activities such as charitable gifts, donations, involvement in CSR activities. The society rewards for these responsibilities is represented as customer loyalty and product/services social acceptance (Arnold & Valentin, 2013). Nonetheless, when business firms involved deeply in philanthropic activities for gaining these rewards, these actions do not constitute a CSR anymore (Friedman, 1970).

1.1.3 CSR Drivers

Business entities react to CSR in different ways based on their motives at a certain time (Carol, 1979). For example, Banks are interested to apply CSR due to the deliberate value resulted from the social behavior toward the business (Wu & Shen, 2013). Hence, consumers and investors play vital role in applying CSR in banking industry.

According to Wood (2010), consumerism is the most important social issues that business firms must pay attention to. Consumerism means that consumers reward ethical business through the acceptance of higher prices payments for the products and services while paying fewer prices as punishment for unethical firms (Parsa, Lord, Putrevu & Kreeger, 2015). The business entities attempts toward social responsibilities receive high value from investors during selecting products and services (Ghoul et al., 2011). The authors supported with evidence that the firms involved in CSR have high value of asset, low financing cost and small risk. On the other hand, firms with antisocial activities like the ones involved in producing tobacco have low value of asset, high cost of capital and high risk. Therefore, these facts are a strong driver for business to be engaged in CSR activities.

In light of the stewardship theory, managers can use CSR to achieve goals due to their positions that enable them to control resources (Jensen, 2010). The determining factor that control the way managers use his tool are the availability of public policy (Brammer, Jackson, & Matten, 2012), the governance boards control (Jensen, 2010), and the pressure of stakeholder (Sobhani et al. 2012). CEOs may abuse CSR for achieving their own goals such as to gain power (Jiraporn & Chintrakarn, 2013). Hence, corporate control plays vital role in ensuring the appropriateness of organizational value creation through focusing on utilization of the CSR resources.

Caroll (1991) believed the enforcement of laws and regulations contribute in regulating managerial behavior. CSR framework of Caroll imposes that strategic value creation can be happened by the virtuousness (Fernando & Almeida, 2012). As a result, new concepts in management theory have spread like Starbuckization and McDonaldization (Brammer, Jackson, & Matten, 2012), In consequence, the philanthropic responsibilities must have long-term corporate culture with virtuousness and tradition.

1.2 Problem Statement

Nowadays, Businesses that invest in CSR generate positive results like; better reputation, higher sales and customer loyalty, achieving competitive edge, stronger relationships and increasing market share. Researchers revealed a positive relationship between corporate social responsibility and financial performance. Business could rely on CSR for increasing their profit whereas non-for-profit business could rely on CSR for satisfying shareholders (Kitzmueller and Shimshack, 2012). Moreover, Margolis, Elfenbein and Walsh (2007) revealed that CSR is the key determinant to achieve community appreciation and customer satisfaction.

The booming economy and increased population in Qatar encouraged us to take advantage of the growing market to test the critical role of corporate social responsibility in achieving better financial performance in Qatari banks. This study is aiming to answer a question" Does investing in CSR events and activities have effect on the bank's financial performance?"

1.3 Research Objectives

The main objective of this study is to determine the effect of corporate social responsibility on Qatari banks.

CHAPTER 2: LITERATURE REVIEW

2.1 Introduction

This Chapter sheds the light on CSR measurement, the financial measure of business performance including accounting measure and market-based measures, CSR theories and business cases, financial measure of banks performance, empirical literature of CSR in banks and summary of literature review.

2.2 CSR Measurement Methodology

Several methods have been used by researchers to measure CSR like disclosed CSR information, content analysis, questionnaire surveys, multidimensional ratings. Different methods have different pros and cons. Soana (2011) found that some CSR measuring methods resulting in having contradictory findings on the relation between CSR and financial performance.

Questionnaire surveys are filled by executives and stakeholders in light of their opinions to know how businesses published its social activities like Chen & Wang (2011) who direct the questionnaires to the senior executives in China and Mustafa et al. (2012) who measure the opinion of top management of Malaysian companies. This methodology could be bias as the responses reflect the opinion of the respondents only.

Content analysis of publications disclosures includes counting words in the published reports linked to social issues (Ganescu, 2012). No research has proved the validity of this method (Soana, 2011).

Spending measures is another method used to know the level of expenditures for the charitable contributions conducted for the sake of improving the welfare of stakeholders (Soana, 2011). These expenditures support the business entity image as well as achieve higher profits and stockholders' wealth through improving the competitive performance of the firm (Weshah et al. 2012). However, the hidden value of social spending may contribute to agency cost (Sun & Cui, 2014).

Unidimensional indicators focus on one aspect of social responsibility practices so that it lacks of comprehensiveness. As a result, combining this measure with other measures is the best way to overcome its narrow focus; for example, Busch & Hoffmann (2011) combined the unidimensional measure with the sustainability rating index and questionnaire surveys.

Reputational measures are applied through computing scores for goodwill related to the business entity's reputation then use them to measure CSR. It supports the business entities to achieve competitive advantage (Sun & Cui, 2014). These computations are published as Corporate Reputational Index like the America's Most Admired Companies rating (AMAC). This method is not measuring CSR effectively because the respondents' view and the ratings could be biased by the firm (Soana, 2011).

Multidimensional ethical ratings occur when agencies gather data about stakeholders regularly. After that, scores from the data are used to get weighted average in order to define the ethical rating for organizations' interest. Researchers use the ethical rating database that these agencies created in order to study CSR. There are many available rating systems. KLD is the most heavily used one and most popular amongst researchers (Chen & Delmas, 2011).

2.3 Financial Measures of Business Performance

The target of business firms is profit making and increasing firms value (Friedman, 1970). Several searchers viewed profit from accounting perspectives or market perspectives and each has its unique challenge (Goss & Roberts, 2011). Empirical studies that rely on accounting measures attract attention more than market-based performance which is still under study (Becchetti et al. 2012).

2.3.1 Accounting Measures

Several rules, policies, and standards are available for accounting and are selected according to the objectives of management. Some of the measurements used in studies to measure financial performance are earnings per share, the asset growth, the net noninterest income on nonperforming loan, the contract terms of loan, and turnover growth.

Accounting numbers are considered as a high quality and minimal manipulation due to being validated by external auditors, following strict accounting rules, and disclosed in the published financial statements (Jiao, 2010). Nevertheless, accounting figures are historical information. They can be manipulated (Gregory et al. 2014).

2.3.2 Market-Based Measures

Market based measures gives lower value to accounting figures (Hajiha & Sarfaraz, 2013). In other words, it is identified by external evaluation of firm performance for the sake of reflecting investors' expectation of the firm performance in future (Gregory et al. 2014). Market measures focus mainly on financial data whereas nonfinancial data are ignored even though they are affected by the entity social activities (McWilliams, Siegel & Wright, 2006).

Market-based measures provide benchmarks for performance evaluation (Ghoul et al. 2011). It can be grouped into two categories related to CSR measures. They are share value-based measure and cost of capital- based measure.

Share value-based measure is used broadly to quantity the financial performance of firms. The most frequently used measures are share prices like price-earnings ratio (Soana, 2011), Tobin's q (Servaes & Tamayo, 2013), and stock price (Baird et al. 2012) In regard of cost of capital, maximizing profit and minimizing financing cost are the major rules to achieve profitability.

According to Goss & Roberts (2011), there is lack of research for the relation between corporate social responsibility and financing cost. Also, there is a positive relationship between WACC and internal financial resources (Campbell et al., 2012). Ghoul et al. (2011) found there is a positive relationship between cost of equity and CSR.

2.4 CSR Theories and Business Case

There are several theories used to assess the relation between society and business entities (Okoye, 2009). The common theories are the stakeholder theory, the neoclassical economic theory, the resource-based view theory, and the institutional theory.

Stakeholder theory is a good management theory because it is aligned with business long-term interest and it gives high value to stakeholders (Freeman, 1984). Stakeholder is a broad terminology that includes internal and external stakeholders like employees and investors, future generations of the business firm, and the society in general (Orlitzky, 2013). This theory helped researchers in studying different CSR issues such as testing the CSR ability in creating value after businesses merge (Deng et al., 2013), CSR effects on the financial risk (Ghoul et al. 2011).

The neoclassical economic theory implies that CSR theory improves the view of business entities as a part of economic system (Caroll, 1991). In addition, the main objective of business entities is to achieve profit. So, CSR and business are incompatible (Friedman, 1970). If business deviate from their basic goal by looking for achieving social endeavors, managers will move away from the desired control of owners and other stakeholders (Jensen, 2010). Therefore, the neoclassical economic theory is the first step toward hypothesizing the relationship between CSR and financial performance.

Resource-based view states that the control of CSR resources can strengthen the competitive position of the firm in case none of other competitors have similar access to resources (Hart, 1995). Although Lioui and Sharma (2012) discussed the adverse relationship between social activities and financial performance, it is important for firms to analyze the resources and its effect on the performance result.

According to the institutional theory, the role of institutions offers a substitute theory of the CSR. This theory was neglected in the empirical research (Brammer, Jackson, & Matten, 2012), the author determined some factors that influence the institutional theory. Some of these factors are socially responsible while the rest are irresponsible (Montiel & Delgado-Ceballos, 2014).

In conclusion, these theories provide a complementary view of CSR. Hence, Researchers must select the most appropriate theory according to the research filed. In addition, stakeholder theory suffer weakness as the followers of this theory failed to specify practical approaches for managers to make tradeoffs among competing interest (Jensen, 2010). Such issues shed the light on the need to highlight the theoretical weakness in the stakeholder theory.

2.5 Financial Measure of Banks Performance

The determinant of Bank financial performance can be categorized into two groups: internal determinant and external determinant. Internal determinant includes factors that management can control whereas external determinant includes factors that go beyond management control (Linyiru, 2006).

The internal determinants reveal the management policies of source and use of fund, capital and liquidity, and expense (Williams, Molyneux, and Thornton, 1994). The management effort toward profitability is analyzed through reviewing the comprehensive income statement and statement of financial position. The Statement of financial position shows the bank management policies regarding the sources and use of fund (Bourke, 1989). The revenue and the cost are reflected in the statement of comprehensive income (Molyneux and Thornton, 1992).

The external determinants are either environmental related factors or firm related factors. The environmental factors include market structure, regulation, inflation, market growth, interest rate (Short, 1979; Bourke, 1989; and Molyneux and Thornton, 1992). However, the firm related factors consist of firm size and ownership.

2.6 Empirical Literature of CSR in Banks

Okiro, Omoro and Kinyua (2013) verified the relationship between CSR investment and bank sustained growth in Nairobi. Authors found that CSR is vital to achieve success for the bank. In other words, banks need to take care of their customers to retain them in order to make customers accept the services provided and enable banks to continue generating profit. This study resulted in concluding that CSR investments have a positive effect on the sustained growth of banks. However, it is a weak positive relationship as only

11% of the sustained growth in bank could be explained by CSR investments.

Okoth (2012) tested the financial performance impact of CSR on banks with different sizes. The study revealed that CSR positively affect he financial performance of large and medium size banks whereas it has insignificant effect on small banks' financial performance. Hence, the engagement of small banks in CSR activities would not have significant effect on the ROA nor ROE. To conclude, CSR has positive effect on all banks but the degree of the effect varies according to the market size.

Marcia, Otgontsetseg and Hassan (2013) tested if US banks have made some fundamental movement toward being socially responsible, if CSR activities have been affected by the financial crisis, if banks get rewarded for their CSR activities. The result of this study revealed that large banks have more CSR strengths and concerns. These large banks had faced sudden increase in the strengths of CSR and a sudden drop in the concerns once the financial crisis ended up. In addition, higher CSR strengths is achieved for banks that have higher capital ratios, lower charged fees on deposits, and more minorities on the board of directors. In regard to largest bank reward for being involved in CSR, the researchers found that ROA and ROE have significant positive relation to CSR scores. Hence, after financial crisis, there was an increased contribution to CSR for the sake of improving financial performance especially by banks that were accused by putting their own interests ahead of customers' interest.

Kukunuru and Singh (2017) adopted the KLD to verify whether there is a significant and positive correlation between CSR and UAE banks' profitability. Banks profitability performance is computed as the summation of direct and indirect CSR investments. This study focused on local Banks and concluded that CSR has low impact on banks' profitability.

2.7 Summary of Literature Review

Most of the literature reviews are linked to stakeholder theory. The stakeholder theory identifies business needs to shift the focus from stockholders to stakeholders. As a result, business will enjoy support of the stakeholders to build competitive advantage that in turn resulted in greater value to the stockholders in the long run.

Some of the literature reviews have several inconsistent findings which reflect some gaps that need to be addressed by extensive researches. Last but not least, having inconsistent research findings regarding the relation between CSR and financial performance implies that the area has significant inadequacy of studies.

Although above mentioned studies believed there is a link between CSR and financial performance, researchers failed to arrive at the same conclusion. Most of them focused on subjective techniques to measure CSR. Studies did not prove the way CSR investment affect firms' financial performance. This research paper seeks to fill this research gap.

CHAPTER 3: RESEARCH METHODOLOGY

3.1 Research Design Followed in the Study

The descriptive and inferential design is the research design used in this study. It provides support for discovering the relation between the financial performance of Qatari banks and CSR investment, Bank total investment, & operating segment profit. This design provides a deep and comprehensive study to analyze the effect of corporate social responsibility on the financial performance of banks in Qatar.

3.2 Sampling

This study targeted banks in Qatar that had invested in CSR for a period of five years starting from 2011 to 2016. Due to having a small number of banks for this study, the sampling design is the non-probabilistic sampling. To achieve this goal, we have collected information from all banks to be compared against each other.

3.3 Data Collection Method

This study used secondary data obtained from banks published reports like annual reports. The data are considered as high quality as it has been audited by independent external auditor. A list of banks was obtained from Qatar central Bank website. We targeted data of Commercial banks (7 Banks) and Islamic Banks (4 Banks) while Foreign Banks (7 Banks) were excluded as the study focuses on Qatari Banks only. In fact three banks were excluded from the study due to insufficient data. They are International Bank of Qatar, Qatar Development Bank, and Barwa Bank. The obtained data of banks under review is showed in appendix A.

3.4 Data Analysis Methods

The study used SPSS software to verify and determine the relationship between corporate social responsibility and profitability of Qatari banks. Regression Analysis was used to determine the relationship between CSR and banks' financial performance at 5% level of significant; the regression equation is as followed:

$$NPBT = \alpha + \beta 1X1 + \beta 2X2 + \beta 3X3 + \varepsilon$$

Where; NPBT is the net profits before tax

X1 represents investment on CSR

X2 represents bank total investments

X3 represents operating segment profit before tax

ε the error term

$\beta 1$, $\beta 2$, $\beta 3$ and α are constants to be determined

Taking into consideration that investment in CSR includes monetary expenses towards social events and activities whereas total investments include loans and advances to customers, investment securities, and investment in associates. Operating segment profit before tax includes loans, credit cards, deposits and other transactions for retail and corporate customers. Covariance correlation coefficient was used to measure the level of strengths in this relationship.

CHAPTER 4: RESULTS

This chapter represents an analysis for the data collected and the hypothesis tested in the study. Moreover, it includes a detailed discussion of both the descriptive analysis and inferential analysis. The descriptive analysis includes means, Min, Max, and standard deviation. However, inferential analysis includes Pearson correlation, regression analysis, and t-ratio.

4.1 Descriptive Analysis

Descriptive statistics were done for CSR investment, total bank investment, operating segment profit and NPBT. Table 1 shows the descriptive statistics of CSR investment from year 2013 to 2017. On average, Qatari banks covered in this study had spent QAR 45 Million in 2013, QAR 51 Million in 2014, QAR 52 Million in 2015, QAR 48 Million in 2016, and QAR 51 Million in 2017. We notice the standard deviation has high values. The reason is that some banks invested large amounts on CSR like QNB compared to low capital base or recently established banks. This is clearly showed in the Min and Max values for the period under study.

Table 1: Descriptive Statistics for CSR Investment

	N	Minimum	Maximum	Mean	Std. Deviation
2013	8	13,142	171,478	45,756	52,077
2014	8	14,074	189,456	51,472	57,525
2015	8	15,639	195,520	52,229	59,563
2016	8	10,665	195,007	48,216	61,672
2017	8	13,763	209,324	51,696	66,009

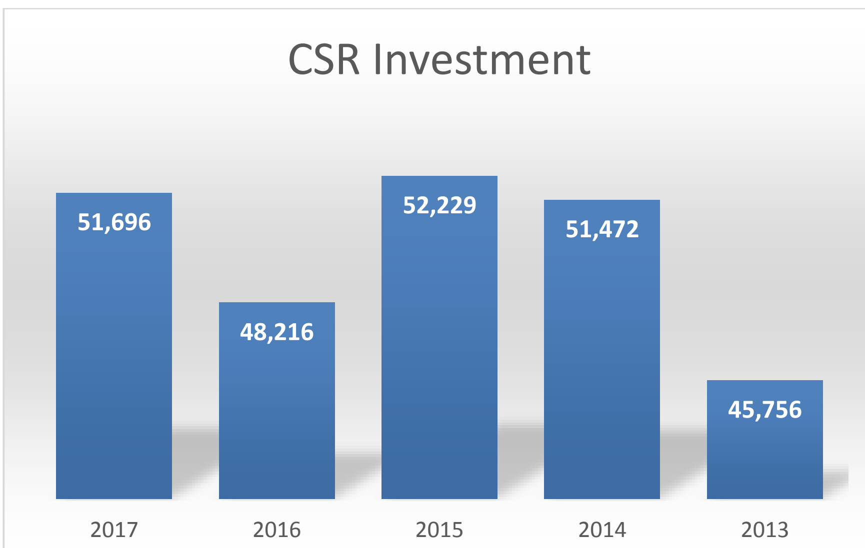

Figure 1. CSR Investments from 2013 to 2017

However, these banks invested between QAR 22 Billion to QAR 688 Billion on loans and advances to customers, investment in securities, and investment in associates during the period from 2013 to 2017. Table 2 shows the descriptive statistics of total bank investments for the years under review.

Table 2: Descriptive Statistics for Total Bank Investments

	N	Minimum	Maximum	Mean	Std. Deviation
2013	8	22,329,993	394,854,689	92,146,215	124,095,563
2014	8	26,241,677	413,789,345	100,947,351	128,429,231
2015	8	28,895,840	477,399,925	117,069,285	148,308,238
2016	8	32,432,307	607,751,136	137,306,858	192,451,551
2017	8	35,036,168	688,965,365	153,567,295	219,215,488

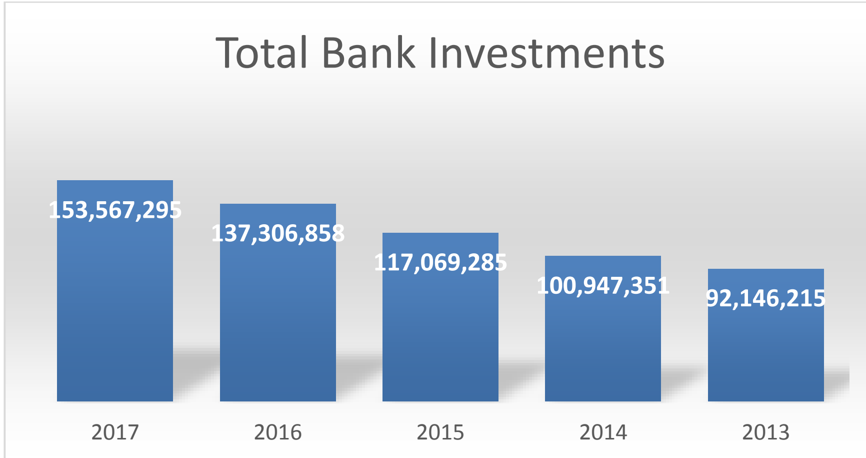

Figure 2. Total Bank Investments from 2013 to 2017

Table 3 represents the descriptive statistics of the financial performance for the studied banks which revealed different results as some banks generated million while others had billions. It depends on each bank's operation and investment rules.

Table 3: Descriptive Statistics for the Financial Performance

	N	Minimum	Maximum	Mean	Std. Deviation
2013	8	525,685	9,999,292	2,227,043	3,174,167
2014	8	582,081	11,182,715	2,534,956	3,542,821
2015	8	647,720	12,001,555	2,621,743	3,830,972
2016	8	415,787	13,343,327	2,615,291	4,386,098
2017	8	561,601	14,054,635	2,764,998	4,609,301

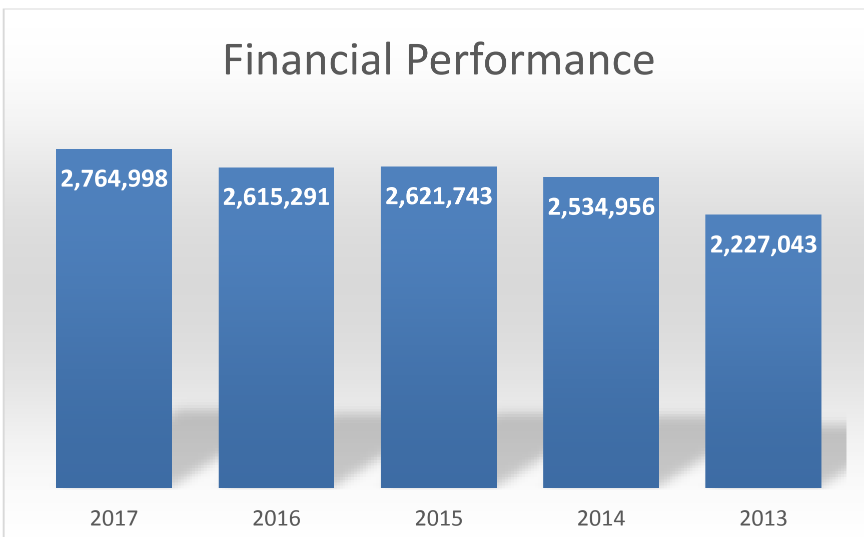

Figure 3. Financial Performance from 2013 to 2017

The last table for the descriptive statistics is table 4 that illustrate statistics for operating segment net profit before tax during the period from 2013 to 2017. The mean of operating segment profit range from QAR 2,238 Billion to QAR 2,833 Billion from 2013 to 2017.

Table 4: Descriptive Statistics for Operating Segment Net Profit Before Tax

	N	Minimum	Maximum	Mean	Std. Deviation
2,013	8	525,685	9,478,637	2,238,737	2,946,224
2,014	8	601,273	10,454,701	2,435,991	3,267,880
2,015	8	647,720	11,264,242	2,546,195	3,542,858
2,016	8	547,729	12,364,637	2,693,765	3,952,171
2,017	8	455,774	13,128,138	2,833,218	4,209,480

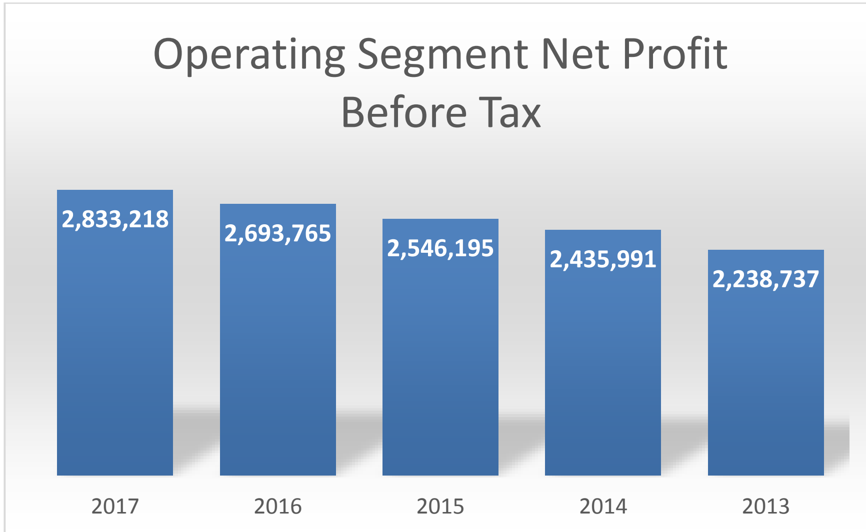

Figure 4. Operating Segment Net Profit Before Tax from 2013 to 2017

4.2 Inferential Analysis

4.2.1 Correlation Analysis

We have used Pearson correlation coefficient to measure the degree of a linear association between variables. The correlation value may range from +1 to -1, where value greater than 0 indicates a positive association while value less than 0 indicates a negative association. Table 5 shows the value of Pearson Correlation coefficient between NPBT, Total Investments, CSR, and Operating Segment Profit variables. The values (.995, .983, and .992) indicates a high positive significant correlation between the dependent variable NPBT and independent variables (Operating Segment Profit, Total Investment, and CSR) at (.000) significant level. The table shows the correlation between variables is high due to having small number of sample (N) as the number of banks under review is 8 banks and three variables only were used as independent variables.

Table 5: Pearson Correlation between NPBT, Total Investment and CSR

		Operating segment net profit before tax	Total Bank Investments	CSR	NPBT
Operating segment net profit before tax	Pearson Correlation	1	.976**	.983**	.995**
	Sig. (2-tailed)		.000	.000	.000
	N	40	40	40	40
Total Bank Investments	Pearson Correlation	.976**	1	.965**	.983**
	Sig. (2-tailed)	.000		.000	.000
	N	40	40	40	40
CSR	Pearson Correlation	.983**	.965**	1	.992**
	Sig. (2-tailed)	.000	.000		.000
	N	40	40	40	40
NPBT	Pearson Correlation	.995**	.983**	.992**	1
	Sig. (2-tailed)	.000	.000	.000	
	N	40	40	40	40

4.2.2 Regression Analysis and Hypothesis Testing

The next step after correlation is the linear regression in which we predict the value of a dependent variable based on the value of independent variable. We have used multiple regression analysis using stepwise method to predict the dependent variable NPBT using Operating Segment Profit, Total Investment and CSR as independent variables, refer to appendix B for the list of regression tables. Table 6 shows the goodness fit of the model. The selected method shows three models. The value of R Square for each model represents the percentage of change in dependent variables that is explained by the independent variables. The first model is built based on the Operating Segment profit where R Square is 98.9%. The second model is built based on the CSR investments and Operating Segment profit with R Square of 99.5%. The third model is built based on the CSR investments, Operating Segment profit, and Total Bank Investment with R Square of 99.8%.

Table 6: Model Summary

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.995[a]	.989	.989	391315.4596
2	.998[b]	.996	.995	255590.4217
3	.999[c]	.998	.998	182498.9149

a. Predictors: (Constant), Operating segment net profit before tax

b. Predictors: (Constant), Operating segment net profit before tax, CSR

c. Predictors: (Constant), Operating segment net profit before tax, CSR, Total Bank Investments

Table 7 is the ANOVA table, analysis of variance. It provides statistic for testing the hypothesis that $B_1 \neq 0$ against the null hypothesis that $B_1=0$. The $B_1 \neq 0$ means there is a significant relationship between variables whereas $B_1=0$ means there is no significant relationship between variables. The hypothesis test of the third model indicates value of ($F=5450.387$) which is significant at (.000), so we can reject the null hypothesis.

In other words, the regression model statistically predicts the outcome variable and the financial performance of Qatari banks is determined by the selected variables.

Table 7: Analysis of Variance (ANOVA) of the Model

	Model	Sum of Squares	df	Mean Square	F	Sig.
1	Regression	539969545727343	1	539969545727343	3526.268	.000[b]
	Residual	5818855979245	38	153127788928		
	Total	545788401706588	39			
2	Regression	543371322550933	2	271685661275466	4158.891	.000[c]
	Residual	2417079155655	37	65326463666		
	Total	545788401706588	39			
3	Regression	544589390965331	3	181529796988444	5450.387	.000[d]
	Residual	1199010741256	36	33305853924		
	Total	545788401706588	39			

a. Dependent Variable: NPBT

b. Predictors: (Constant), Operating segment net profit before tax

c. Predictors: (Constant), Operating segment net profit before tax, CSR

d. Predictors: (Constant), Operating segment net profit before tax, CSR, Total Bank Investments

Table 8 is the regression coefficients table. It shows the significant of the third model coefficients (Operating Segment Profit, CSR, and Total Investment), the value of (t= 7.838, t=9.090 and t=6.047) respectively is significant at (.000) level. From this table we formed the regression equation that is expressed in the discussion chapter.

Table 8: Regression Coefficients

	Model	Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	-214214.527	77456.073		-2.766	.009
	Operating segment net profit before tax	1.085	.018	.995	59.382	.000
2	(Constant)	-456848.272	60745.256		-7.521	.000
	Operating segment net profit before tax	.629	.064	.577	9.788	.000
	CSR	28.173	3.904	.425	7.216	.000
3	(Constant)	-457395.730	43373.955		-10.545	.000
	Operating segment net profit before tax	.437	.056	.401	7.838	.000
	CSR	25.626	2.819	.387	9.090	.000
	Total Bank Investments	.005	.001	.219	6.047	.000

a. Dependent Variable: NPBT

CHAPTER 5: DISCUSSION

The performed test shows that CSR and total investments are good determinant for Qatari banks' financial performance. According to table 8, α=-457395.730, β_1 =.437, β_2=25.626, and β_3=.005 meaning that CSR has positive and direct effect on banks' financial performance. In other words, if Qatari banks do not invest in CSR, it would incur a loss of QAR 457,395 Million. Also, it revealed that every unit increased in CSR will increase financial performance by 25.6, every unit increased in investment will increase financial performance by 0.005, and every unit increased in Operating Segment Profit will increase financial performance by .437

The adjusted R square of 99.8% shows the model is a fair estimate of the relationship between variables. In conclusion, the CSR contributes to improve the banks' financial performance and the NPBT can be expressed as followed:

NPBT = -457,395.730 + .437 (Operating Segment Profit) + 25.626 (CSR) + .005 (Total Bank Investment)

CHAPTER 6: CONCLUSION AND AVENUES FOR FUTURE RESEARCH

The objective of this paper is to determine the effect of corporate social responsibility on the financial performance of Qatari Banks. The performed analysis revealed that Banks' financial performance is positively and significantly affected by the CSR. As a result, banks need to be engaged in CSR activities to improve the financial performance. CSR should be considered seriously in the banks' strategy and day-to-day activities through acting morally and being committed to enhancing social and living standards of the society.

Participating in enhancing the living standards in society would attract stakeholders like investors, unexpected customers, sponsors, and volunteers who would help banks to bring dreams into reality. Also, performing as a good corporate citizen would attract government favors, new capital, and tax exemptions. All these advantages lead to increasing profitability. These benefits are aligned with the argument of Friedman (1970) that CSR contribute to grow business profit and is in interest of shareholders.

In this study, we were limited to the monetary spending on CSR. However, CSR has other dimensions rather than monetary factors. We have relied on monetary measure to enable testing the linear relationship by the numerical values. The non-monetary measure like hours spent in planting trees and time & resources spent in cleaning the environment were not included due to the difficulties in the measurement.

This study recommends that Qatari banks should be disclosing the CSR information clearly since some banks were excluded from the study because of insufficient data of CSR like Qatar Development Bank, Barwa Bank, and International Bank of Qatar. In addition, Banks can improve their profitability by participating in CSR activities; hence we advise banks to partner with other service providers like hospitals and academic institutions to offer variety of services that serve the society. Moreover, we recommend the scientific accounting Association in Qatar to establish a uniform reporting framework to report the CSR involvement so that it become easier for researchers to collect data in future and enable having transparent CSR data for shareholders. Last but not least, additional studies can be extended to measure other area within banking industry like measuring the effect of CSR on loan repayment by banks' customers, or measure CSR effect on other industries in Qatar

REFERENCES

Akanbi, P. A. & Ofoegbu, O. E. (2012). Impact of corporate social responsibility on bank performance in Nigeria. *Journal of US-China Public Administration, 9*(4), 374-383. Retrieved from: http://www.davidpublishing.org

Arnold, D. G. & Valentine, A. (2013). Corporate social responsibility at the base of the pyramid. *Journal of Business Research*, *66*, 1904-1914. doi:10.1016/j.jbusres

Baird, P. L., Geylani, P. C., & Roberts, J. A. (2012). Corporate social and financial performance re-examined: Industry effects in linear mixed model analysis. *Journal of Business Ethics*, *109*, 367-388. doi:10.1007/s10551-011-1135-z

Becchetti, L., Ciciretti, R., & Giovannelli, A. (2013). Corporate social responsibility and earnings forecasting unbiasedness. *Journal of Banking and Finance*, *37*, 3654-3668. doi:10.1016/j.jbankfin.2013.05.026

Becchetti, L., Ciciretti, R., Hassan, I., & Kobeissi, N. (2012). Corporate social responsibility and share value. *Journal of Business Research*, *65*, 1628-1635. doi:10.1016/j.jbusres.2011.10.022

Bourke, P. (1989). Concentration and other determinants of bank profitability in Europe, North America and Australia. *Journal of Banking and Finance 13*, 65-79.

Brammer, S., Jackson, G., & Matten, D. (2012). Corporate social responsibility and institutional theory: new perspectives on private governance. *Socio-Economic Review*, *10*, 3-28. doi:10.1093/ser/mwr030

Busch, T. & Hoffmann, V. H. (2011). How hot is your bottom line? Linking carbon and financial performance. *Business and Society*, *50*(2), 233-265. doi: 10.1177/0007650311398780

Campbell, J. L., Dhaliwal. D. S., & Schwartz, W. C. (2012). Financing constraints and the cost of capital: Evidence from the funding of corporate pension plan. *The Review of Financial Studies*, *25*(3), 868-912. doi:10.1093/rfs/hhr119

Caroll, A. B. (1991). The pyramid of corporate social responsibility: Toward the moral management of organizational stakeholders. *Business Horizons*, *34*(4), 39-48. doi:10.1016/0007-6813(91)90005-G

Carroll, A. B. (1979). A Three Dimensional Conceptual Model of Corporate Social Performance. Academy of Management Review, 4, 497–505.

Chen, C. & Delmas, M. (2011). Measuring corporate social performance: An efficiency perspective. *Production and Operations Management*, *20*(6), 789-904. doi:10.1111/J.1937-5956.2010.01202.X

Chen, H., & Wang, X. (2011). Corporate social responsibility and corporate financial performance in China: An empirical research from Chinese firms. *Corporate*

Governance, *11*(4), 361-370. doi:10.1108/14720701111159217

Committee for Economic Development (1971). *Social Responsibilities for Business Corporations*, New York: CED

Deng, X., Kang, J., & Low, B. S. (2013). Corporate social responsibility and stakeholder value maximization: Evidence from mergers. *Journal of Financial Economics*, *110*, 87-109. doi:10.1016/j.jfineco.2013.04.014

Fernando, M. & Almeida, S. (2012). The organizational virtuousness of strategic corporate social responsibility: A case study of Sri Lankan family-owned enterprise MAS Holdings. *European Management Journal*, *30*, 564-576. doi:10.1016/j.emj.2012.08.003

Freeman, R. E. (1984). *Strategic management: A stakeholder approach*. Boston, MA: Pitman.

Friedman, M. (1970, September 13). The social responsibility of business is to increase its profits. *New York Times Magazine*, *9*, 32-33. Retrieved from: www.nytimes.com

Ganescu, M. C. (2012). Assessing corporate social performance from a contingency theory perspective. *Procedia Economics and Finance*, *3*, 999-1004. doi:10.1016/S2212-5671(12)00264-X

Ghoul, S. E., Guedhami, O., Kwok, C. C. Y. & Mishra, D. R. (2011). Does corporate social responsibility affect cost of capital? *Journal of Banking and Finance, 35*, 2388-2406. doi:10.1016/j.jbankfin.2011.02.007

Goss, A. & Roberts, G. S. (2011). The impact of corporate social responsibility on cost of bank loans. *Journal of Banking and Finance*, *35*, 1794-1810. doi:10.1016/j.jbankfin.2010.12.002

Gregory, A., Tharyan, R., & Whittaker, J. (2014). Corporate social responsibility and firm value: Disaggregating the effects of cash flow, risk and growth. *Journal of Business Ethics*, *124*, 633-657. doi:10.1007/s10551-013-1898-5

Hajiha, Z. & Sarfaraz, B. (2013). Relationship between corporate social responsibility and cost of capital in listed companies in Tehran Stock Exchange. *World Applied Sciences Journal, 28*(11). 1544-1554. doi:10.5829/idosi.wasj.2013.28.11.1919

Hart, S. L. (1995). A natural resource-based view of the firm. *Academy of Management Review*, *20*(4), 986-1014. Retrieved from: http://www.jstor.org

Herzig, C. & Moon, J. (2013). Discourses on corporate social ir/responsibility in the financial sector. *Journal of Business Research*, *66*, 1870-1880. doi:10.1016/j.jbusres.2013.02.008

Idemudia, U. (2011). Corporate social responsibility and developing countries: Moving the critical CSR research agenda in Africa forward. Progress in Development Studies, 11(1), 1-18. doi:1177/146499341001100101

Jensen, M. C. (2010). Value maximization, stakeholder theory, and the corporate objective function. *Journal of Applied Corporate Finance*, *22*(1), 32-43. doi:10.1111/j.1745-6622.2010.00259.x

Jiao, Y. (2010). Stakeholder welfare and firm value. *Journal of Banking and Finance*, *34*, 2549-2561. doi:10.1016/j.jbankfin.2010.04.013

Jiraporn, P. & Chintrakarn, P. (2013). How do powerful CEOs view corporate social responsibility (CSR)? An empirical note. *Economic Letters*, *119*, 344-347. doi:10.1016/j.econlet

Keffas, G. & Olulu-Briggs, O. (2011). Corporate social responsibility: How does it affect the financial performance of banks? Empirical evidence from US, UK and Japan. Journal of Management and Corporate Governance, 3, 8-26. Retrieved from: http://www.cenresinpub.org

Kitzmueller, M. & Shimshack, J. (2012). Economic Perspectives on Corporate Social Responsibility. Journal of Economic Literature, 50(1), 51–84.

Kukunuru, S., & Singh, S. (2017). Corporate Social Responsibility and Impact on Profitability of Banks in the United Arab Emirates. Middle East Journal Of Business, 12(1), 12-22.

Lange, D. & Washburn, N. T. (2012). Understanding attributions of corporate social irresponsibility. *Academy of Management Review*, *37*(2), 300-326. doi:10.5465/amr.2010.0522

Linyiru, B. M. (2006). Survey of Corporate Governance Practices in Banks in Kenya. An unpublished MBA Research project, University of Nairobi

Lioui, A. & Sharma, Z. (2012). Environmental corporate social responsibility and financial performance: Disentangling direct and indirect effects. *Ecological Economics*, *78*, 100-111. doi:10.1016/j.ecolecon.2012.04.004

Maden, C., Arikan, E., Telci, E. E., & Kantur, D. (2012). Linking corporate social responsibility to corporate reputation: A study on understanding behavioral consequences. Procedia – Social and Behavioral Sciences, 58, 655-664. doi:10.1016/j.sbspro.2012.09.1043

Marcia M. C., Otgontsetseg, E. & Hassan T. (2013). Corporate Social Responsibility and its Impact on Financial Performance: Investigation of U.S. Commercial Banks. Unpublished research paper, Department of Finance, Bentley University, Waltham, US

Margolis, J. D., Elfenbein, H. A. & Walsh, J. P. (2007). Does it pay to be good? A metaanalysis and redirection of research on the relationship between corporate social and financial performance. Working paper, Harvard Business School, Cambridge.

McWilliams, A., Siegel, D., & Wright, P., (2006). Corporate social responsibility: strategic Implications. *Journal of Management Studies, 43*(1), 1-18. doi:10.1111/j.1467-6486.2006.00580.x

Molyneux, P. & Thornton, J. (1992). Determinants of European bank profitability. *Journal of Banking and Finance, 16,* 1173-1178.

Montiel, I. & Delgado-Ceballos, J. (2014). Defining and measuring corporate sustainability: Are we there yet? Organization and Enviornment, 1-27. doi:10.1177/1086026614526413

Mustafa, S. A., Othman, A. R., & Perumal, S. (2012). Corporate social responsibility and company performance in the Malaysian context. *Procedia – Social and Behavioural Sciences*, *65*, 897-905. doi:10.1016/j.sbspro.2012.11.217

Okiro, K., Omoro, N. & Kinyua, H. (2013). Investment in Corporate Social Responsibility and Sustained Growth In Commercial Banks In Kenya. *Journal of Emerging Issues in Economics, Finance and Banking. An Online International Monthly Journal,3(2),* 1057-1064.

Okoth, D. O. (2012). The Effect of Corporate Social Responsibility on the Financial

Performance of Commercial Banks in Kenya. An unpublished MBA Research project, University of Nairobi.

Okoye, A. (2009). Theorizing corporate social responsibility as an essentially contested concept: Is a definition necessary? *Journal of Business Ethics, 89*, 613-627. doi:10.1007/s10551-008-0021-9

Orlitzky, M. (2013). Corporate social responsibility, noise, and stock market volatility. *The Academy of Management Perspectives*, *27*(3), 230-254. doi:10.5465/amp.2012.0097

Parsa, H. G., Lord, K. R., Putrevu, S., & Kreeger, J. (2015). Corporate social and environmental responsibility in services: Will consumers pay for it? *Journal of Retailing and Consumer Services*, *22*, 250-260.

Peloza, J. & Shang, J. (2011). How can corporate social responsibility activities create value for stakeholders? A systematic review. *Journal of the Academy of Marketing Science, 39*(1), 117-135. doi:10.1007/s11747-010-0213-6

Saeidi, S. P., Sofian, S., Saeidi, P., Saeidi, S. P., & Saeidi, S. A. (2014). How does corporate social responsibility contribute to firm financial performance? The mediating role of competitive advantage, reputation and customer satisfaction. Journal of Business Research, 68, 341-350. doi.10.1016/j.jbusres.2014.06.024

Servaes, H. & Tamayo, A. (2013). The impact of corporate social responsibility on firm value: The role of customer awareness. Management Science, 59(5), 1045-1061. doi:10.1287/mnsc.1120.1630

Surroca, J., Tribo, J. A., & Zahra, S. A. (2013). Stakeholder pressure on MNEs and the transfer of socially irresponsible practices to subsidiaries. Academy of Management Journal, 56(2), 549-572. doi:10.5465/amj.2010.0962

Soana, M. (2011). The relationship between corporate social performance and corporate financial performance in the banking sector. *Journal of Business Ethics, 104*, 133-148. doi:10.1007/s10551-011-0894-x

Short, B. K. (1979). The Relation between Commercial Bank Profit Rates and Banking Concentration in Canada, Western Europe and Japan. *Journal of Banking and Finance*, *3*, 209-219.

Sobhani, F. A., Amran, A., & Zainudden, Y. (2012). Sustainability disclosure in annual reports and websites: A study of the banking industry in Bangladesh. *Journal of Cleaner Production*, *23*, 75-85. doi:10.1016/j.jclepro.2011.09.023

Sun, W. & Cui, K. (2014). Linking corporate social responsibility to firm default risk. *European Management Journal*, *32*, 275-287. doi:10.1016/j.emj.2013.04.003

Torres, A., Bijmolt, T. H. A., Tribo, J. A., & Verhoef, P. (2012). Generating global brand equity through corporate social responsibility to key stakeholders. *International Journal of Research in Marketing*, *29*, 13-24. doi:10.1016/j.ijresmar.2011.10.002

Weshah, S. R., Dahiyat, A. A., Awwad, M. R. A., & Hajjat, E. S. (2012). The impact of adopting corporate social responsibility on corporate financial performance: Evidence from Jordanian banks. *Interdisciplinary Journal of Contemporary Research in Business*, *4*(5), 34-44. Retrieved from: http://www.ijcrb.webs.com

Williams, D. M. L., Molyneux, P. & Thornton, J. (1994). Market structure and performance in Spanish banking. *Journal of Banking and Finance, 18,* 433-443.

Wood, D. J. (2010). Measuring corporate social performance: A review. *International Journal of Management Reviews*, *12*, 50-84. doi:10.1111/j.1468-2370.2009.00274.

Wu, M. & Shen, C. (2013). Corporate social responsibility in banking industry: Motives and financial performance. *Journal of Banking & Finance*, *37*, 3529-3547. doi:10.1016/j.jbankfin.2013.04.023

APPENDICES

Appendix A: Data Used for the Study

Bank	Year	Total Investments QAR "000"	CSR QAR "000"	NPBT QAR "000"
QNB	2013	394,854,689	171,478	9,999,292
QNB	2014	413,789,345	189,456	11,182,715
QNB	2015	477,399,925	195,520	12,001,555
QNB	2016	607,751,136	195,007	13,343,327
QNB	2017	688,965,365	209,324	14,054,635
CBQ	2013	85,767,307	40,135	1,607,758
CBQ	2014	88,609,300	48,505	1,990,659
CBQ	2015	96,878,962	35,841	1,469,307
CBQ	2016	97,476,027	12,534	501,537
CBQ	2017	110,839,339	15,091	608,781
Doha Bank	2013	52,822,075	32,816	1,317,759
Doha Bank	2014	58,423,483	33,966	1,370,238
Doha Bank	2015	67,822,325	34,343	1,378,279
Doha Bank	2016	73,902,675	26,345	1,051,998
Doha Bank	2017	77,327,910	27,752	1,108,797
Ahli Bank	2013	22,329,993	13,142	525,685
Ahli Bank	2014	26,241,677	15,032	601,273
Ahli Bank	2015	28,895,840	16,193	647,720
Ahli Bank	2016	32,432,307	15,794	631,748
Ahli Bank	2017	35,036,168	15,993	639,712
Alkhaliji Bank	2013	34,595,651	13,773	568,329
Alkhaliji Bank	2014	43,500,644	14,074	582,081
Alkhaliji Bank	2015	48,721,798	15,639	651,265
Alkhaliji Bank	2016	50,788,437	10,665	415,787
Alkhaliji Bank	2017	47,599,693	13,763	561,601

QIB	2013	62,732,967	33,385	1,308,144
QIB	2014	76,602,704	40,045	1,707,557
QIB	2015	107,109,865	48,858	2,040,671
QIB	2016	119,004,271	53,878	2,120,798
QIB	2017	133,684,274	60,136	2,268,791
QIIB	2013	26,152,933	18,758	750,311
QIIB	2014	27,792,404	20,645	825,817
QIIB	2015	32,370,254	19,604	784,152
QIIB	2016	34,944,778	19,619	784,771
QIIB	2017	39,044,776	20,805	832,209
Masraf Alrayan	2013	57,914,103	42,557	1,739,065
Masraf Alrayan	2014	72,619,249	50,056	2,019,307
Masraf Alrayan	2015	77,355,308	51,834	2,000,995
Masraf Alrayan	2016	82,155,231	51,882	2,072,360
Masraf Alrayan	2017	96,040,836	50,704	2,045,456

Appendix B: Regression Analysis Result (Continued)

Variables Entered/Removed[a]

Model	Variables Entered	Variables Removed	Method
1	Operating segment net profit before tax		Stepwise (Criteria: Probability-of-F-to-enter <= .050, Probability-of-F-to-remove >= .100).
2	CSR		Stepwise (Criteria: Probability-of-F-to-enter <= .050, Probability-of-F-to-remove >= .100).
3	Total Bank Investments		Stepwise (Criteria: Probability-of-F-to-enter <= .050, Probability-of-F-to-remove >= .100).

a. Dependent Variable: NPBT

Appendix B: Regression Analysis Result (Continued)

Model Summary

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.995[a]	.989	.989	391315.4596
2	.998[b]	.996	.995	255590.4217
3	.999[c]	.998	.998	182498.9149

a. Predictors: (Constant), Operating segment net profit before tax

b. Predictors: (Constant), Operating segment net profit before tax, CSR

c. Predictors: (Constant), Operating segment net profit before tax, CSR, Total Bank Investments

Appendix B: Regression Analysis Result (Continued)

ANOVA[a]

	Model	Sum of Squares	df	Mean Square	F	Sig.
1	Regression	539969545727343	1	539969545727343	3526.268	.000[b]
	Residual	5818855979245	38	153127788928		
	Total	545788401706588	39			
2	Regression	543371322550933	2	271685661275466	4158.891	.000[c]
	Residual	2417079155655	37	65326463666		
	Total	545788401706588	39			
3	Regression	544589390965331	3	181529796988444	5450.387	.000[d]
	Residual	1199010741256	36	33305853924		
	Total	545788401706588	39			

a. Dependent Variable: NPBT

b. Predictors: (Constant), Operating segment net profit before tax

c. Predictors: (Constant), Operating segment net profit before tax, CSR

d. Predictors: (Constant), Operating segment net profit before tax, CSR, Total Bank Investments

Appendix B: Regression Analysis Result (Continued)

Coefficients[a]

Model		Unstandardized Coefficients B	Unstandardized Coefficients Std. Error	Standardized Coefficients Beta	t	Sig.
1	(Constant)	-214214.527	77456.073		-2.766	.009
	Operating segment net profit before tax	1.085	.018	.995	59.382	.000
2	(Constant)	-456848.272	60745.256		-7.521	.000
	Operating segment net profit before tax	.629	.064	.577	9.788	.000
	CSR	28.173	3.904	.425	7.216	.000
3	(Constant)	-457395.730	43373.955		-10.545	.000
	Operating segment net profit before tax	.437	.056	.401	7.838	.000
	CSR	25.626	2.819	.387	9.090	.000
	Total Bank Investments	.005	.001	.219	6.047	.000

a. Dependent Variable: NPBT

Appendix B: Regression Analysis Result

Excluded Variables[a]

	Model	Beta In	t	Sig.	Partial Correlation	Collinearity Statistics Tolerance
1	CSR	.425[b]	7.216	.000	.765	.034
	Total Bank Investments	.268[b]	4.183	.000	.567	.048
2	Total Bank Investments	.219[c]	6.047	.000	.710	.047

a. Dependent Variable: NPBT

b. Predictors in the Model: (Constant), Operating segment net profit before tax

c. Predictors in the Model: (Constant), Operating segment net profit before tax, CSR